EMPLOYEE RETENTION Presentation for UAC

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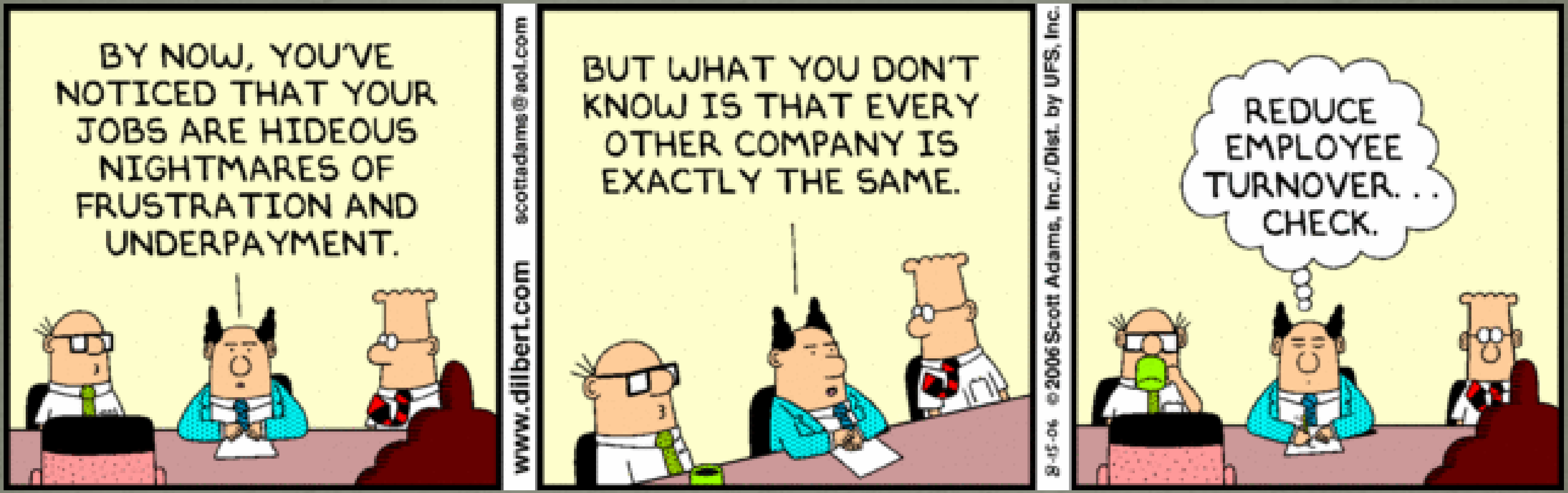
What do we mean?

- **Employee retention** refers to the ability of an organization to retain its **employees**. **Employee retention can** be represented by a statistic. Example: a **retention rate** of 80% indicates an organization kept 80% of its **employees** in a given period.
- The Workforce Planning for Wisconsin State Government defines **retention management** as “a systematic effort by employers to create and foster an environment that encourages current employees to remain at the same employer having policies and practices in place that address their diverse needs.”

Why bother with retention strategies?



What are the costs of turnover?

- Cost of hiring a new person (advertising, interviewing, screening, hiring, testing, etc.
- Cost of onboarding a new person (training, management time)
- Lost productivity (a new person may take 1-2 years to reach the productivity of an existing person)
- Lost engagement (other employees who see high turnover disengage and lose productivity)
- Customer service and higher errors rates (new employees take longer and are often less adept at solving problems).
- Training cost s (over 2-3 years you likely invest 10-20% of an employee's salary or more in training)
- Cultural impact (whenever someone leaves others take time to ask "why?")

How is the cost of turnover quantified?

- Deloitte - The cost of losing an employee can range from tens of thousands of dollars to ***1.5–2.0 times the employee's annual salary.***
- Society for Human Resource Management - Employers will spend the equivalent of six to nine months of an employee's salary in order to find and train their replacement. Doing the math, that means an employee who makes $60K will cost the organization anywhere from ***$30Kto $45K*** to hire and train a replacement.
- Center for America Progress – Study shows the cost of losing an employee can be anywhere from 16% of their salary (hourly, unsalaried employees) to 213% of their salary (highly trained employee) ***So if a highly trained executive is making $120K a year, the true loss could be up to $256K.***

What does that look like at the organizational level?

- Organization size of 1000 employees
- Average turnover rate is 12%
- Average salary is $30.00/hour or $62,400/annually

- One hundred and twenty people leave in a year
- Assume conservative six months replacement costs
- $31K times 120 people
- Equals = $3,720,000 in turnover costs

EEK!! Right?


Wednesday March 03, 1993
I'VE BEEN SAYING FOR YEARS THAT "EMPLOYEES ARE OUR MOST VALUABLE ASSET."
IT TURNS OUT THAT I WAS WRONG. MONEY IS OUR MOST VALUABLE ASSET. EMPLOYEES ARE NINTH.
I'M AFRAID TO ASK WHAT CAME IN EIGHTH.
CARBON PAPER.
S. Adams
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Does this sound familiar?

When it comes to issues of retention, public sector managers typically shake their heads, wring their hands and say something like:

- “We can’t really do anything about turnover because we just can’t match pay rates for the private sector.”
- “We wish we could reward our high performers but we haven’t got the ability to give bonuses or pay increases.”
- “Our organization’s compensation system is messed up.”

Is it really just about money?

- Compensation can be one of the factors that lead to turnover - although it's usually not the most important.

- We are going to talk about the most significant reasons people leave their jobs but first….

… a check-in about comp is probably prudent

Ask yourself:

- Is your compensation system antiquated?
- What is your pay philosophy?
- Is pay competitive?
- Are you comparing your pay rates to market data?
- Does everyone (regarding of prior experience) have to start at the minimum of the range?
- When posting jobs, do you typically post the minimum or the range?
- When was the last time you checked to see if your classification system matched market pay rates? Or does it?
- Do you strive to move employees to a market pay rate?

This is it

- If money isn't the most important component of retention, why do people leave their jobs?
- What do you think is the single biggest factor?

Hint: There isn't a close second factor.

Remind you of anyone?

People leave their jobs…because of their bosses!

- Studies indicate 50% of those who leave their jobs leave to get away from a bad manager – regardless of the stated exit interview reason.
- Overall, 75% of the reasons people leave are related to workplace variables directly influenced by managers.
- A set of engagement elements explains 96% of the attitudes which drive voluntary turnover.

Factors Management Influences:

- Lack of or wrong kind of recognition
- Broken commitments
- No work flexibility or telecommuting options
- Lack of career advancement or progression
- Overall culture of the workplace
- Coworkers not committed to quality
- Vague goals or ineffective direction

Ethics – Howard/Korver state 36% of us have quit because of ethics

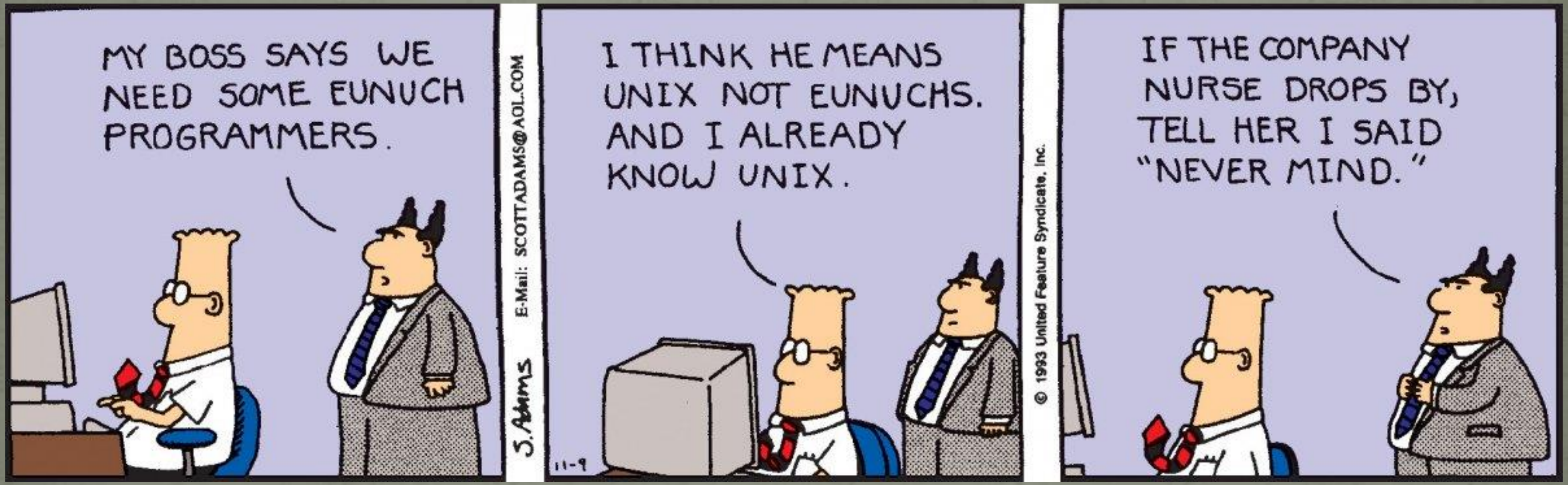
Old adage: people don't leave companies – they leave people

- SHRM, 2015 – One in three employees hopes to change jobs in the next six months
- Office politics, flatter the boss, gossip, favoritism, nepotism or backstabbing = 42% would leave (PsychTests survey, 2015)
- Bullied by colleagues or management; psychological harassment = another 42% would leave (PsychTests survey, 2015)

Factors Management Influences:

- Micromanagement – Lacking freedom to make decisions about how to do jobs = 28% more likely to leave.
- Chronically overworked/burnt out = 31% more likely to leave.
- Engagement – Managers account for up to 70% of the variance in engagement.
- Culture – Poor work culture = 15% more likely to go.

Bosses Matter!



So, what to do?

For one reason or another, public sector organizations seem to pay less attention to the health of the organization than comparably sized private sector organizations.

- Agree or disagree?

Training- particularly management training - in public sector organizations gets a lot of lip service but little real implementation.

- Agree or disagree?

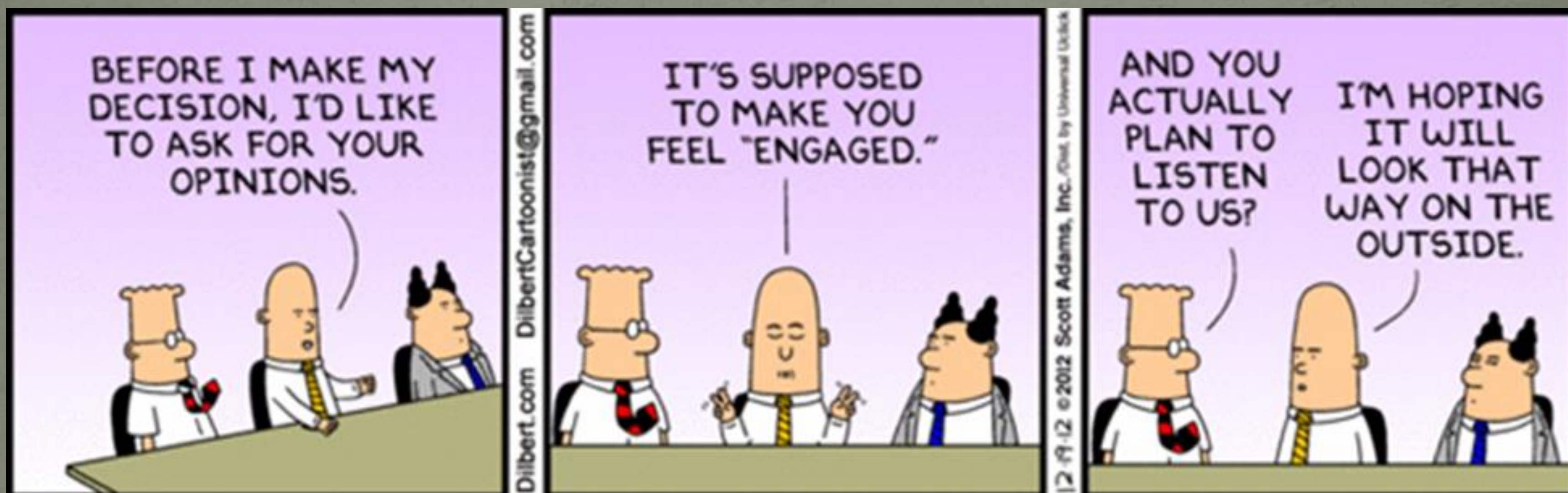
A few practices to consider

- Train managers for real life – most new managers go into a management role with little or no training.
- Consciously decide to challenge and update management attitudes which no longer serve the organization.
- Clarify expectations about respect, inclusion and accountability.
- Recognize, embrace and utilize the modern role of Human Resources Department.

Train managers for real life

- Training need not be expensive and/or formal. Example: Leadership training utilizing subject matter experts within your organization. Lead supervisors (and up)need to know how the organization works.
- Support efforts to address workplace problems. Example: a single member of a workgroup can change its dynamic negatively. Help managers understand the process and support them when legitimate issues are addressed.
- Empower managers to innovate. Example: Service delivery can be accomplished with non-traditional staffing models.

Not this…


BEFORE I MAKE MY DECISION, I'D LIKE TO ASK FOR YOUR OPINIONS.
Dilbert.com DilbertCartoonist@gmail.com
IT'S SUPPOSED TO MAKE YOU FEEL "ENGAGED."
12-19-12 ©2012 Scott Adams, Inc./Dist. by Universal Uclick
AND YOU ACTUALLY PLAN TO LISTEN TO US?
I'M HOPING IT WILL LOOK THAT WAY ON THE OUTSIDE.

Consciously decide to challenge and update management attitudes

- Sometimes in the PS, we go along doing things the same old way even if we aren't getting the results we want. Example: Change how you recruit for better results.
- Listen to the people who do the job – they are the best ones to identify what works and what doesn't work. Example: People commit to what they own.
- Understand why management is reluctant to embrace changes to with traditional work paradigm and help them evolve. Example: Flexible scheduling, telecommuting and the realities of a work-life balance.

Clarify expectations about respect, inclusion and accountability.

- Start with culture - Research indicates recognition and praise have no effect on reducing turnover when there is low overall engagement – employees perceive it inauthentic or confusing when culture is miserable.
- Implement or strengthen your policies about courteous and respectful behavior. Example: most organizations have a harassment prevention policy but no clear statement about positive conduct.
- Create an genuine connection to the mission. Example: folks who work in the PS do so for community-based motives. We can all use a reminder.

Recognize and utilize the modern role of Human Resources Department

- Personnel – Older, tied to record keeping functions (hiring, payroll, etc.), grounded in the federal civil service rules established in early 1900; developed in response to the "spoils system", designed to establish equity; rule centered, rules have always been subject to gamesmanship, narrow scope, "we have the keys (gatekeeper) and you don't."
- Human Resources – Modern (~1985) integrates the traditional approach with organizations goals and strategies, people-centered; broader scope; organizational development and culture, we each bring our expertise to the problem and the solution.

Partner with HR

- Gatekeeper vs. strategic partner – Gatekeeping is more focused on following the rules – whether formal or informal or colloquial – even at the expense of results. Strategic partnership is operating within a framework of rules – subject to constant evaluation – to achieve the needed organizational result
- "Strategic and philosophical context of human resource management makes it more purposeful, relevant and more effective compared to the personnel management approach." And: "The fact is that modern HRM has completely replaced PM." (Keydifferences)

Takeaways

- While compensation is an important component of retention, it is not the biggest reason employees leave.
- The biggest reason employees leave: their bosses, factors controlled by their bosses and workplace culture.
- Public sector administrators DO have strategies for dealing with retention.
- Human Resources staff are your best partners. Use them strategically!

Thanks so much!
(and one last smile…)